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TO SECSTATE WASHDC 5542

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CORIDEN; LENINGRAD FOR P&C

E.O. 11652 N/A

TAGS: OEXC, SCUL, UR, US

SUBJ: EXCHANGES: ANNUAL REVIEW TALKS (SECOND DAY)

1. ILMES--A.A. SLAVNOV, STATE COMMITTEE ON CINEMATOGRAPHY,
PRESENT SECOND MORNING OF TALKS. SOVIETS RAISED QUESTION
OF IMBALANCE IN COMMERCIAL FILM PURCHASES AND SURVEYED
OVERALL FILM RELATIONS. ON BOTH DAYS SOVIETS PRESSED FOR
SOVEXPORT FILM OFFICE OF REPRESENTATIVE TO HANDLE FILMS IN
U.S. PREVIOUS U.S. SUGGESTION THAT AMTORG RPRESNT
SOVIET FILM SALES IN U.S. HAD BEEN REJECTED BY FOREIGN
TRADE OFFICIALS BECAUSE AMTORG EXCEPTIONALLY BUSY WITH OWN
AFFAIRS AND WOULD NOT HEAR OF SUGGESTION. SOVIETS
ELABORATED THAT SPECIAL OFFICE NOT NEEDED, BUT ONE PERSON
SPECIALIZING IN FILM CONTACTS IN NEW YORK DESIRABLE "SO
WE CAN CALL HIM TO ACCOUNT." SOVIETS EMPHASIZED THEIR
REQUEST THAT U.S. APPROACH THIS QUESTION SERIOUSLY AND
SAID WOULD ACCEPT U.S. FILM INDUSTRY REPRESENTATIVE HERE TO
DO SAME WORK. U.S. SIDE SAID WOULD GIVE CONSIDERATION
BUT WITHOUT ANY COMMITMENTS, AND CAUTIONED ABOUT DIFFICULTIES
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AND ECONOMIC RESTRICTIONS, E.G., HARD FOR ANY FOREIGN FILM

TO ENTER U.S. MARKET.

2. ON SECOND DAY STATE COMMITTEE REPRESENTATIVE OUTLINED
THREE DIRECTIONS TO IMPROVE FILM TIES:

(A) TRADE IN COMMERCIAL FILMS--THIS REGULATED BY
AGREEMENT IN 50'S, THROUGH CONTACTS WITH ERIC JOHNSTON.
SOVIETS VIEWED AS MUTUALLY BENEFICIAL FIFTEEN YEARS AGO.
SINCE THEN, ACCORDING TO SOVIETS, AMERICANS HAVE NOT AGREED
TO CONTINUATION. ALTHOUGH U.S.-SOVIET SYSTEMS DIFFERENT,
SOVIETS DESIRE FORMAL AGREEMENT ON PURCHASE AND DISTRIBUTION
OF FILMS TO CORRECT CURRENT IMBALANCE (IN 1973-74 SOVIETS
PURCHASES 11 AMERICAN FILMS, WHILE AMERICANS PURCHASED FOUR
SOVIET FILMS). SOVIETS SAID THEY HELD RECENT TALKS WITH
20TH CENTURY FOX ON POSSIBLE EXCHANGES.

(B) CO-PRODUCTIONS--HAS BEEN SOME MOVEMENT HERE BUT
FEW CONCRETE RESULTS SO FAR. USEFUL START HAS BEEN CO-PRODUCTION
OF "BLUEBIRD OF HAPPINESS". SOVIETS BELIEVE THIS FILM SHOULD
BE MORE ACTIVE.

(C) NON-COMMERCIAL DISTRIBUTION OF FILMS--SOVIETS
SUGGESTED THIS USEFUL TO IMPROVE RELATIONS, E.G.,
HOLDING FILM PREMIERES, FILM WEEKS, RETROSPECTIVES OF
VARIOUS TYPES. THE AMERICAN SIDE HAS NOT BEEN ACTIVE
IN THIS FIELD, AND SOVIETS HOPE FOR AN AGREEMENT ON
CINEMATOGRAPHY OR OTHER FORWARD MOVEMENT IN FILM EXCHANGES.
SOVIETS NOTED SOME RECENT IMPROVEMENT IN NON-COMMERCIAL
EXCHANGES: THEY ARRANGED FESTIVALS IN SEVERAL U.S.
CITIES IN 1973 AND WILL SOON BE HAVING A FILM WEEK ON
SOVIET CARTOONS IN U.S. SOVIETS SAID THEY HAD PROPOSED
A FESTIVAL OF AMERICAN FILMS TO U.S. FILM COMPANIES
BUT AS YET HAVE HAD NO RESPONSE.

3. ESSENCE OF U.S. COMMENT ON SOVIET POINTS WAS THAT
AGREEMENT STATES BOTH SIDES SHOULD ENCOURAGE FILM
INDUSTRIES OF THE TWO COUNTRIES TO DEVELOP EXCHANGES.
U.S. SIDE COULD NOT OBLIGATE ITSELF, AS SLAVNOV HAD
SUGGESTED, TO WRITE INTO AGREEMENT THAT A CERTAIN NUMBER
OF FILMS SHOULD BE PURCHASED BY EACH SIDE. U.S. SIDE
NOTED SOVIET RECOGNITION OF DIFFERENCE IN TWO SYSTEMS AND
THAT ROLE OF U.S. GOVERNMENT LIMITED. IF THERE WERE
DIFFERENCES IN NUMBERS OF FILMS BOUGHT AND SOLD, THIS
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PRESUMABLY REFLECTED AWARENESS OF AUDIENCE INTEREST.
THEREFORE ONE COULD NOT REALLY TALK OF IMBALANCE. FACT THAT
SOVIETS ARE IN TOUCH WITH 20TH CENTURY FOX AND ARE IN
CO-PRODUCTION WITH U.S. FILM PRODUCER IS EVIDENCE THAT
SOVIETS KNOW HOW TO GET IN TOUCH WITH U.S. FILM
INDUSTRY.

4. IN CONCLUSION, SLAVNOV EMPHASIZED DESIRE FOR MORE

DEVELOPMENT AND CONSIDERATION OF FILM OFFICE, SAID DIDN'T EXPECT U.S. RESISTANCE TO OFFICE PROPOSAL. WHEN SLAVNOV MET WITH JACK VALENTI IN 1973, OFFICE PROPOSAL DID NOT MEET WITH FAVORABLE RESPONSE FROM MPPA, BUT SOVIETS EXPECT GOVERNMENT ORGANIZATION, ESPECIALLY UNDER CULTURAL AGREEMENT, WOULD SUPPORT IDEA, THUS FACILITATING US-USSR SUMMIT AGREEMENTS. OPENING OFFICE WOULD BE IN SPIRIT OF AGREEMENT AND IN NO WAY CONSTITUTE CONFLICT WITH ANY ECONOMIC, POLITICAL, OR OTHER INSTITUTIONS OF TWO SYSTEMS. SOVIETS SAID EXPECT U.S. REACTION TO THEIR PROPOSALS. POLANSKY REITERATED THAT HE PREPARED TO REPRESENT SOVIETS' VIEWS TO APPROPRIATE OFFICIALS IN WASHINGTON, BUT WISHED TO MAKE CLEAR HE COULD MAKE NO COMMITMENTS.

5. MINISTRY OF CULTURE--IN ADDITION TO SOVIETS PRESENT FIRST DAY, DYUZHEV PRESENT AND SPOKE FOR MIN CULT. HE AND CHAIRMAN VOLSKIY OPENED BY EXPRESSION GENERAL SATISFACTION WITH RECENT EXCHANGES IN PERFORMING ARTS AND NOTING THE GREAT APPRECIATION OF U.S. GROUPS BY THE SOVIET PUBLIC. DYUZHEV NOTED GOOD RESPONSE TO SOVIET GROUPS IN U.S., BUT NOT FROM FORCES HOSTILE TO US-SOVIET RELATIONS. THEIR ACTIONS, DESCRIBED DURING FIRST DAY, WERE DIRECTED AGAINST THE INTERESTS OF AMERICAN PEOPLE AND SOVIET PUBLIC ATTACHES SIGNIFICANCE TO SUCH HOSTILE ACTS. FOR EXAMPLE, ACTIONS OF THE JDL RESULTED IN CANCELLATION OF TOUR BY KIROV BALLET. HOSTILE SIGNS HAD APPEARED IN PERFORMANCE HALL IN YORKTOWN DURING TOUR OF RIANTOVICH STRING ORCHESTRA. A STINK BOMB HAD BEEN THROWN IN CHICAGO THEATER VESTIBULE DURING SAME TOUR. DURING TOUR OF PRESTIGIOUS MOISEYEV COMPANY HOSTILE FORCES THREW ROTTEN EGGS ON STAGE OF METROPOLITAN OPERA AND PAIL OF RED PAINT WAS POURED INTO ORCHESTRA PIT. AS FAR AS SOVIET GOVERNMENT KNOWS, MEASURES HAVE NOT BEEN TAKEN BY DEPARTMENT OF STATE AGAINST THESE

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HOOLIGANS. SOVIETS EMPHASIZED THESE ACTS ACTUALLY TOOK PLACE INSIDE HALLS, WHICH IN ITSELF IS GOOD REASON TO CALL PERPETRATORS TO JUSTICE. SOVIETS PLACED PRIMARY FOCUS ON FUTURE OF EXCHANGES: NUMEROUS GROUPS INCLUDING BOLSHOI OPERA AND BALLET WITH 500 PERSONS AND HERMITAGE EXHIBIT, INCLUDING SCYTHIAN ART TREASURES, WOULD BE IN U.S. AT GREAT COST TO SOVIET GOVERNMENT. SOVIETS PRESUMED STATE DEPARTMENT COULD TAKE STEPS TO PROTECT SOVIET ART.

6. MIN CULT WENT ON TO MAKE ISSUE OF SUITABLE ADVANCE NOTICE FOR ARRIVAL OF U.S. PERFORMING GROUPS, SO THEY MAY MAKE ADEQUATE PREPARATIONS AND OBTAIN ADEQUATE HALLS AND HOTELS. THEY EMPHASIZED NOTICE OF CONCRETE DETAILS, INCLUDING DATES AND ITINERARY, MUST BE AT LEAST HALF A YEAR IN ADVANCE, AND IN MAJOR CASES MUCH EARLIER. MIN CULT

SAID U.S. AWARE OF SOVIET DIFFICULTY IN HOTELS,
ALTHOUGH BUILDING SEVERAL BEFORE OLYMPIC GAMES. BUT
PROBLEM EXISTS NOW AND FOR THIS AND SEVERAL OTHER REASONS
NOTICE OF AMERICAN GROUPS MUST COME WELL IN ADVANCE.

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7. IN REPLY TO HOSTILE ACTS ISSUE, U.S. SIDE CITED
STEPS DESCRIBED ON FIRST DAY TO OVERCOME PROBLEMS, EXPRESSED
REGRET FOR ANY SUCH INCIDENTS, AND POINTED OUT NUMBER OF
INCIDENTS DECLINED IN RECENT YEARS. U.S. SIDE ALSO EXPLAINED
U.S. TRADITIONS AND LAWS GOVERNING DEMONSTRATIONS INCLUDING
FREEDOM TO DEMONSTRATE AND NOTED THAT AMERICANS DEMONSTRATE
ABOUT MANY ISSUES, INCLUDING SOME TIMES AT STATE
DEPARTMENT. U.S. SIDE STRESSED THAT EXISTING LAWS ARE
APPLIED FOR PURPOSE OF ACHIEVING NORMAL CONDITIONS FOR
SOVIET GROUPS. U.S. SIDE OBTAINED CLARIFICATION FROM
SOVIETS THAT KIROV VISIT ONLY POSTPONED, NOT CANCELLED;
MIN CULT CONFIRMED THAT IT WAS "CANCELLED" FOR 1974, AND
SAID IT WOULD BE RESCHEDULED IN 1977.

8. U.S. SIDE WENT ON TO NOTE THAT U.S. TOURS NOT WITHOUT PROBLEMS ALSO AND THAT PERFORMING GROUPS ARE IMPORTANT EXCHANGE BECAUSE THEY COMPLEMENT ALL OTHER KINDS OF EXCHANGES. WE OUTLINED RECENT SUCCESSES AND ACCOMPLISHMENTS OF AMERICAN GROUPS COMING HERE AND EXPRESSED HOPE VISIT OF UNCLASSIFIED

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JOFFREY BALLET WILL LEAD TO EXCHANGE OF YOUNG CHOREOGRAPHERS BETWEEN JOFFREY AND BOLSHOI.

9. U.S. SIDE ALSO PAID TRIBUTE TO THE RECENT PASSING OF TWO PERSONS WHO CONTRIBUTED SO MUCH TO US-USSR CULTURAL EXCHANGES, MINISTER FURTSEVA AND SOL HUOK.

10. ON PRACTICAL LEVEL, U.S. SIDE URGED CLOSE AND CONTINUING ATTENTION OF MIN CULT TO CARRYING OUT OF AGREEMENTS ON AMERICAN TOURS. WE NOTED U.S. IS SENDING VERY BEST AMERICAN GROUPS AND THAT MIN CULT HAS BEEN OF GREAT HELP IN PAST. WE RECORDED APPRECIATION OF HARD WORK AND PROFESSIONALISM OF GOSKONTSERT, BUT ALSO EMPHASIZED THAT GOSKONTSERT A PROFESSIONAL BOOKING AGENCY AND WE FEEL NEED FOR MIN CULT TO SUPPLEMENT THE PROFESSIONAL ROLE OF GOSKONTSERT. WE SAID WE WOULD NOT DELVE INTO MANY DIFFICULTIES OF JOFFREY TOUR, BUT NOTED THAT IF WE CAN CONTINUE TO DEPEND ON MIN CULT OVERVIEW, FUTURE WILL BE BETTER.

11. U.S. SIDE PROPOSED ONE CONCRETE IMPROVEMENT IF WE AGREED PERFORMING ARTS FORM IMPORTANT PART OF EXCHANGE: MUST GET BROADEST POSSIBLE EXPOSURE TO AMERICAN GROUPS TOURING USSR, BOTH IN NUMBERS OF AUDIENCE AND GEOGRAPHIC DISTRIBUTION. IN THIS CONNECTION, WE CONTRASTED NUMBERS OF CITIES VISITED BY SPECIFIC RECENT U.S. AND SOVIET GROUPS AND INDICATED ON USSR MAP HOW GEOGRAPHIC LIMITED TO WESTERNMOST PART OF COUNTRY. WE SUGGESTED THAT SOVIETS GIVE CONSIDERATION TO INCLUDING SUCH MAJOR CLOSED CITIES AS GORKIY ON ITINERARIES FOR PERFORMING ARTS GROUPS.

12. U.S. SIDE NOTED PROPOSED VISIT OF ST. PAUL CHAMBER ORCHESTRA IN MAY AND JUNE, FOR WHICH NEGOTIATIONS GOING ON NOW, AND PROBABLY VISIT OF THEATER COMPANY IN EARLY FALL OF 1975, FOR WHICH WE SOON WILL BEGIN CONCRETE NEGOTIATIONS.

13. IN RESPONSE OUR QUESTION ABOUT SOVIET FUTURE PLANS, MIN CULT LISTED STATE SYMPHONY ORCHESTRA AFTER ITS CANADIAN TOUR, IN OCTOBER; THE ORBELYAN VARIETY ORCHESTRA OF 25-30 PERSONS IN APRIL-JUNE 1975; FOLK ORCHESTRA OF 20 PERSONS WITH SOLOIST ZYKINA, LATE JANUARY; BORODIN UNCLASSIFIED

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STRING QUARTER, APRIL-JUNE; GROUP FOR THE FOLK ART FESTIVAL IN WASHINGTON AND NEW YORK, APRIL-SEPTEMBER, INVITATION ACCEPTED BUT STILL SELECTING GROUP (DEPARTMENT PASS SMITHSONIAN); CIRCUS WITH 70 PERSONS, OCTOBER-NOVEMBER. SOVIETS SAID THEY HAD SENT FOUR LARGE GROUPS UNDER THE AGREEMENT IN 1974, AND THAT THE UKRAINIAN ICE BALLET WAS CONSIDERED AN ATHLETIC ORGANIZATION NOT UNDER THE CULTURAL AGREEMENT QUOTA. MIN CULT SAID THEY WELCOMED U.S. GROUPS WHEN CHOSEN.

14. IN RESPONSE U.S. REMARKS ON GOSKONTSERT, MIN CULT SAID WOULD OPEN GOSKONTSERT BOOKS TO U.S. VIEW. DURING JOFFREY TOUR, GOSKONTSERT HAD TO RAISE TICKET PRICES TWICE BECAUSE OF ADDED EXPENSES, WHICH RESULTED IN A SOVIET SUBSIDY OF TOUR AT END OF RS. 64,000. GOSKONTSERT COULD NOT BE CONSIDERED TO HAVE ENRICHED ITSELF. MIN CULT SAID WOULD CONTINUE TO EXERT BEST EFFORTS FOR BROAD AUDIENCE, BUT WANTED U.S. SIDE TO KNOW IT WAS NO PROFIT EXCHANGE, EXCEPT PERHAPS FOR DUKE ELLINGTON. NOTED HOLIDAY ON ICE WAS ALSO LUCRATIVE FOR GOSKONTSERT. U.S. SIDE SAID IN CONCLUSION STATE DEPARTMENT ALSO DID NOT MAKE MONEY ON PERFORMING ARTS EXCHANGE.

15. GRADUATE STUDENTS IN ARTS--U.S. SIDE OBSERVED THIS NEW PROGRAM, WITH SOME PROBLEMS, BEGUN IN DISCUSSIONS BETWEEN MINISTER FURTSEVA AND ASSISTANT SECRETARY RICHARDSON IN 1973. PROGRAM PRESENTS OPPORTUNITIES FOR YOUNG PEOPLE IN THE ARTS TO STUDY IN OTHER COUNTRY, BUT SO FAR NEITHER SIDE HAS NOMINATED SIGNIFICANT NUMBER OF CANDIDATES. U.S. SIDE PROPOSED BOTH SIDES MAKE EFFORT NOMINATE WIDER RANGE CANDIDATES IN FIELDS MENTIONED IN AGREEMENT; PROPOSED ENCOURAGE MORE APPLICANTS BY HAVING AS MANY AS FOUR OPENINGS. BOTH SIDES AGREED MAKE GREATER EFFORT NOMINATE SEVERAL CANDIDATES, WHOSE FORMAL NOMINATIONS MAY THEN BE REVIEWED BY OTHER SIDE TO SEE IF STUDY NEEDS CAN BE MATCHED BY FACILITIES OF RECEIVING COUNTRY. BOTH SIDES FURTHER AGREED TO FOLLOW THE TIMETABLE IN SECTIONS I AND II OF "CONDITIONS" ATTACHED TO CULTURAL AGREEMENT, WHICH SPECIFY MARCH 1 FOR EXCHANGE OF NOMINATIONS AND MAY 10 FOR EXCHANGE OF PLACEMENT INFORMATION.

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16. LIBRARY EXCHANGES--U.S. SIDE OUTLINED RECENT CONTACTS DISCUSSING POSSIBILITIES FOR EXCHANGES IN LIBRARY FIELD AND MADE PROPOSAL FOR EXCHANGE OF SPECIALISTS FOR SHORT

OF LONG PERIODS SOVIETS VIEWED PROPOSAL AS INTERESTING
AND CITED POSSIBILITIES OF DELEGATIONS. THEY SAID SOVIET
LIBRARY AUTHORITIES WOULD SEND WRITTEN REPLY TO PROPOSAL,
AND ASKED HOW THIS REPLY SHOULD BEST BE ADDRESSED. U.S.
SIDE AGREED REPLY THIS QUESTION. BOTH SIDES AGREED
EXCHANGES GROWING OUT OF EXCHANGES WOULD BE IMPLEMENTED
IN SECOND HALF 1975 AND SUBSEQUENTLY.

17. EXHIBITS--PRESENT: K.G. OGANESYAN AND G.V. GOTSULYAK.
U.S. SIDE OPENED BY COMPLIMENTING CHAMBER OF COMMERCE ON
ITS SUPPORT LAST TWO U.S. EXHIBITS WITH WHICH THOSE
PRESENT FAMILIAR. THEN FOLLOWING COMPLAINTS WERE PRESENTED
TO SOVIET SIDE: (1) RECENT 30 PERCENT SPACE RENTAL INCREASE,
JUST TWO AND A HALF MONTHS BEFORE OPENING OF NEW EXHIBIT;
(2) INTOURIST RATE INCREASES FOR STAFF HOUSING;
(3) CITY CHANGE AT LAST MINUTE. U.S. RAISED ISSUE OF
SOVIETS PAYING COSTS FOR U.S. LIAISON OFFICER FOR NEXT
SOVIET EXHIBIT, COMPARABLE TO SITUATION IN USSR, AND
ESTIMATED AT \$20,000-25,000.

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18. CHAMBER OF COMMERCE REPLIED THESE NOT NEW QUESTIONS, EXCEPT COSTS OF LIAISON OFFICER. (1) CHAMBER TRIED TO REDUCE RENTAL COSTS, BUT FAILED. NEW RATES WOULD BEGIN JANUARY 1, 1975, AT 12 RUBLE MINIMUM AMOUNT (RATED FOR OTHER TYPES OF EXHIBITS CAN BE AS HIGH AS 30 RUBLES). THIS IS ONLY 4 OF 5 PERCENT INCREASE IN THE OVERALL COST OF THE EXHIBIT AND AS CONCESSION TO AMERICAN SIDE SOVIETS ARE HOLDING OTHER COSTS AT CURRENT LEVEL, ALTHOUGH THESE ALSO HAVE ALSO GONE UP FOR OTHER COUNTRIES. TWELVE RUBLE RATE IS EQUIVALENT TO RECENT AGREEMENT WITH HUNGARY AND A WEST GERMAN AGREEMENT WAS STRUCK RECENTLY AT 18 RUBLES. CHAMBER PROPOSED, IF RATE PRESENTED BUDGET DIFFICULTIES FOR U.S., FIRST THREE CITIES BEFORE JULY 1 COULD HAVE RATE OF NINE RUBLES, AND THE NEXT THREE A RATE OF FIFTEEN RUBLES, AVERAGING TWELVE. CHAMBER SAID DRAFT CONTRACT READY AND ASKED U.S. TO SIGN NOT LATER THAN DECEMBER 20 BECAUSE TASHKENT PREPARATIONS MUST BE BEGUN THIS YEAR. (2) INTOURIST RATES WERE CITED AS BEYOND CONTROL OF CHAMBER. (3) CHAMBER BELIEVES CITY LIST IS GOOD ONE; ZAPAROTZHE IS MAJOR INDUSTRIAL UNCLASSIFIED

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CITY AND U.S. WOULD NOT REGRET IT. CHAMBER WAITING FOR U.S. REPLY; SUGGESTED COULD SIGN ONE CONTRACT FOR FIRST FIVE CITIES AND DO SIXTH LATER IF NECESSARY. (4) AS FOR LIAISON OFFICER, CHAMBER SAID COULD NOT BE REFLECTED IN CONTRACT ABOUT TO BE SIGNED. AS FOR FUTURE SOVIET EXHIBITS IN U.S., CHAMBER SAID SOVIETS COMPENSATED FOR PERSONNEL ACCOMPANYING U.S. EXHIBIT BECAUSE OF SPECIFIC SERVICES PROVIDE. IF U.S. DISSATISFIED WITH LISTING THESE EXPENSES AS SEPARATE ITEM, THEN SOVIETS COULD DISPERSE SAME COSTS AMONG DIFFERENT SERVICES PROVIDED EXHIBIT. SERVICES TO USSR EXHIBITS IN U.S. DIFFERENT THAN CONDITIONS HERE DICTATE. MFA OFFICER ASSERTED THAT U.S. LIAISON OFFICER TO USSR EXHIBIT WAS OF VERY LITTLE HELP TO SOVIET REPRESENTATIVES IN U.S. AND REQUESTED AMERICAN SIDE'S ATTENTION TO THIS QUESTION. SOVIET THEN BACKED AWAY FROM THIS ASSERTION IN PRIVATE CONVERSATION.

19. U.S. SIDE STRESSED THAT EXHIBITS, LIKE PERFORMING ARTS, NOT COMMERCIAL VENTURE AND SAME PRINCIPLES AS HUNGARIAN OR WEST GERMAN COMMERCIAL EXHIBITS SHOULD NOT APPLY. WE SHOULD ESTABLISH SYMMETRY IN COSTS. MFA USA DIVISION REPRESENTATIVE SAID SOVIET ORGANIZATIONS WERE HAVING DIFFICULTY BECAUSE OF WELL KNOWN U.S. INCREASES IN PRICES, E.G. SOVIET LIFE, EXHIBIT COSTS. U.S. SIDE SAID THAT COSTS HAD BEEN COMPARED PRIOR TO NEGOTIATIONS ON "TECHNOLOGY FOR THE AMERICAN HOME," AND IT WAS FOUND THAT COSTS IN USSR ARE HIGHER THAN IN US FOR EXHIBITS. ALSO NOTED WITH RESPECT TO LIAISON OFFICER COSTS, QUESTION

WAS NOT ONE OF WHERE COSTS WERE TO BE LISTED, BUT ONE OF PAYING FOR SERVICES OF LIAISON OFFICER.

20. WE STATED OUR ACCEPTANCE OF ZAPAROSHE AS SIXTH CITY ASSUMING SITE SURVEY POSITIVE.

21. CHAMBER SAID IT HAD NOT YET RECEIVED PROPOSAL FROM AMERICAN SIDE FOR 1976 EXHIBIT; UNDERSTOOD THIS EXHIBIT WOULD COVER THREE CITIES BECAUSE IT WAS THE SECOND UNDER THREE-YEAR AGREEMENT SPECIFYING NINE CITIES. WE REPLIED "TECHNOLOGY FOR THE AMERICAN HOME" WOULD RUN THROUGH MARCH 1976, AND SINCE AGREEMENT ENDED THAT YEAR, DISCUSSION OF NUMBER OF CITIES MUST WAIT UNTIL LATER.

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SOVIETS SAID THEY ARE NOW CONSIDERING CONTENT AND TIMING OF THEIR NEXT EXHIBIT AND WOULD INFORM. ALTHOUGH WE ASKED SOVIETS WHAT THEY PLANNED TO SEND, THEY PROVIDED NO INFORMATION. AT DECEMBER 16 LUNCHEON, VOLSKIY TOLD U.S. SIDE THAT SOVIETS STILL HAD NOT MADE UP THEIR MINDS WHETHER THEY WANTED ONE NATIONAL EXHIBIT, WHICH WOULD REQUIRE GOVERNMENT DECISION, OR TWO CIRCULATING EXHIBITIONS.

22. INTERNATIONAL VISITOR PROGRAM--IN RESPONSE U.S. INQUIRY WHETHER SOVIETS HAD CONSIDERED PROPOSAL OF FIRST DAY, SOVIETS REPLIED THEY HAD EXAMINED CONCEPT AND FIND IT ALREADY IS PROVIDED FOR IN GENERAL WORDING OF ARTICLE XI OF AGREEMENT. THEY SAID IT HAS BEEN THEIR INTENTION TO DEVELOP THIS KIND EXCHANGE AND THIS WAS REFLECTED IN WORDING OF AGREEMENT. PERHAPS BEST EMPHASIS SHOULD BE ON HOW TO MAKE THESE VISITS MORE EFFECTIVE AND WITH LESS PROTOCOL. THEY PREPARED TO DISCUSS WITH PROPER AUTHORITIES HOW TO DEVELOP FURTHER THIS TYPE PROGRAM. CITED U.S. GOVERNORS' DELEGATION PLANNED FOR NEXT YEAR. SO FAR AS OTHER IV VISITS ARE CONCERNED, SOVIETS PREPARED CONSIDER U.S. PROPOSAL. SOVIETS ALSO SAID THEY PREPARED MAKE OWN PROPOSALS FOR VISITS AND TO MEET TO TAKE INTO CONSIDERATION ORGANIZATIONS AND PERSONS CONCERNED. COMMENT: EMBASSY INTERPRETATION OF SOVIET RESPONSE IS THAT THEY PREPARED TO EXPAND GRADUALLY EXCHANGES IN THE GOVERNMENT AND PUBLIC SECTORS, PROBABLY CONTINUING TO EMPHASIZE DELEGATIONS AND SMALL GROUPS AT FIRST, ALTHOUGH ALSO WILLING CONSIDER INDIVIDUAL INVITATIONS. THEY WISH TO OPERATE UNDER AEGIS OF EXISTING WORKING IN AGREEMENT AND TO KEEP CONTROL OF EXCHANGES ON OFFICIAL BASIS. HOWEVER, POTENTIAL GOOD GOR INITIATIVE, WHICH SHOULD COME FROM U.S. SIDE AT FIRST, IN INVITING GROUPS AND INDIVIDUALS ACCORDING TO PRIORITIES OF EACH COUNTRY. IT IS CLEARLY IMPORTANT THAT VISITS BE PROFESSIONAL AND PRODUCTIVE, WITH MINIMUM OF PROTOCOL. U.S. SUGGESTED AT LEAST THREE WEEKS NECESSARY FOR USEFUL VISITS IN THE U.S. AND SOVIETS SAID

WOULD CONSIDER.

23. U.S. SIDE SAID THAT, ALTHOUGH NOT PART OF AGENDA, NATIONAL ACADEMY OF SCIENCES HAD ASKED US EXPRESS CONCERN ABOUT NUMBER OF CANDIDATES REJECTED BY SOVIET ACADEMY OF SCIENCES UNDER CURRENT EXCHANGE. THIS WAS RAISED IN JUNE
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MEETING NAS/ACADEMY OF SCIENCES, BUT STILL SOME HAVE BEEN REJECTED SINCE THEN WITHOUT ADEQUATE EXPLANATION AND WITHOUT EFFORT BY ACADEMY OF SCIENCES TO FIND SUBSTITUTE PLACEMENT FOR AMERICAN NOMINEE.

24. IN CONCLUSION OF AFTERNOON SESSION, AND IN REMARKS AT LATER RECEPTION BY AMBASSADOR, BOTH SIDES EXPRESSED OFFICIAL AND PERSONAL SATISFACTION FOR THESE TWO DAYS OF FRUITFUL REVIEW OF EXCHANGES, CURRENT PROBLEMS AND PLANS FOR FUTURE. BUSINESSLIKE ATMOSPHERE PERMITTED REVIEW ALL MAJOR PROGRAMS WITHIN SHORT PERIOD AND RESULTED IN BETTER UNDERSTANDING OF PROBLEMS OF BOTH SIDES. APPOINTMENTS WERE MADE FOR CONCRETE DISCUSSIONS AT INDIVIDUAL MINISTRIES FOR DECEMBER 18 AND 19 AND LATER.
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